# *Economic Policies of Pakistan during Military Rules: An Analytical Study in Islamic Perspective*

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***Abstract:***

*In the history of Pakistan, three military governments ruled for a quite long period. Nonetheless, they made no stable policies for the economic development of Pakistan. As a result, Pakistan could not make progress on strong foundation. Economic policies were meant for a shorter interval. Therefore, they only resulted in cosmetic change in the economy. The results of these policies were restricted to a certain class and the public suffered from the negative impact of these policies. Public welfare got secondary importance which resulted in economic inequality. Wealth circulated within a few families. In all the three reigns, no strategy was formed for the paying of external debt. On the one hand, the salvation of Pakistan was put at stake by increasing external debt and aid while on other hand, masses suffered added direct and indirect taxes. In these conditions, common man could not fulfill his basic necessities of life. Pakistan could make considerable progress, if any of the governments might have considered Islamic principles of Islam.*

***Key words:***

*History, Pakistan, Military, Economic Policies, Development, Islam*

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In the history of Pakistan, three military governments acquired a chance to rule for a long period of time and they formed policies for economic development. In military government, the era of President Ayub khan is of utmost importance for he took substantial steps for the economic development of Pakistan. He was fascinated by Capitalistic system and therefore in his period, economic policies were based on the principles of capitalistic system rather than on the economic system of Islam. In the sixties, Harvard group of economists and Finance Minister of Pakistan Muhammad Shoaib, for the economic development of Pakistan, M. Shoaib advocated the policy of functional

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inequality and external debt and aid was considered essential. This policy was counted as the model for economic development of Pakistan.

The second military era of eleven years was the era of President Zia ul Haq. In his time, the economy of Pakistan was facing a number of challenges. The economy had already suffered irrecoverable losses due to the socialist economic policies of Prime Minister Zulfiqar Ali Bhutto. The performance of Industries was marred by nationalism. Moreover, the investors faced unstable conditions. Agricultural production also suffered a setback by unfavorable weather conditions and so called agricultural reforms. Foreign trade was in deficit, the burden of debt kept increasing and the GDP reached its lowest level. Hussain (1999) sums up objectives of Zia ul Haq government as: Political stability, implementation of Islam, setting up of free economic system and denationalization of industry sector.[1]

Since its birth, the *economy* of Pakistan faced many ups and downs. Nevertheless, Pakistan faced the worst economic crises in 1990s. After the nuclear explosion in 1998 and Kargil crisis of 1999, the economy of Pakistan was facing severe crises, for it had reached its lowest ebb. The external capital flow towards Pakistan through the mentioned sources was severely disturbed. All the official donors to Pakistan like IMF, World Bank, ADB and Japan suspended their dealings with Pakistan and imposed sanction on its economy. Consequently, the balance of payment became highly vulnerable and the country's debt situation became worst. Foreign currency reserves dipped down to a level of a few hundred million dollars and restrictions against imports were put in place. Foreign currency accounts held in the banks of Pakistan were frozen. The withdrawal was permitted in rupees only, outflows of foreign currency were restricted and dealing with foreign banks was made more difficult.[2] Under these circumstances, General Pervez Musharraf took over the government in October 1999. He announced a broad based strategy for economic revival. This strategy consisted of four main objectives like: achieving macro-economic stability, making structural reforms to remove macro-economic distortions, improving the quality of economic governance and alleviating poverty. The main focus of his strategy was to introduce the agenda of structural reforms and General Pervez Musharraf insisted on it for macro-economic stability.[3]

Only President Zia ul Haq made determination for casting the economy of Pakistan under Islamic doctrines. In eighties for the first time in the history of Pakistan, efforts were made to tune the financing in accordance with the teachings of Islam. Amongst these, struggles for interest free banking and Zakat & Usher Ordinance 1980 were prominent. While, all the other economic policies were the series of previous policies. Though, during the reign of President Zia ul Haq, the efforts for interest free banking were made yet the principle of Islamic mode of financing was not considered in its true spirit. In his era, despite efforts for interest free banking on government level, interest remained a part of economic system. In the reign of president Pervez Musharraf, State Bank of Pakistan took practical steps for interest free banking. A complete Islamic

banking department was set up, which controls Islamic banking. Moreover, a Sharia Board has been established. Interest free banking started to develop and today Islamic banking industry has got prominent position in our banking industry.

The observation, made on the Economic performance in important sectors of Pakistan during three military reigns, is detailed here:

**1. Policy for Industrial Development:**

In the sixties, industrial policy was set to boost industrial sector. Enhancement in domestic and foreign investment and the development of industry to ensure the substantial exports of standardized industrial products to attain high yield of valuable foreign exchange was ensured. The investors had been given incentives for industrial growth. In this period, special steps like tax rebate and tax holiday, advance on low markup, import of machinery on less duty charges, the structure of low wages, the taking of the laws against the monopolies and providing of the raw material on low price were taken.[4] During 1960 to 1965, the progress of industrial remained fast due to monetary and fiscal incentives. Pakistan not only became self-sufficient in a few products but it also added to its exports. A considerable progress was witnessed in the production of sugar, jute, cement, fertilizers and petroleum products and the performance of private sector remained extensive.[5] However, Industrial sector met a decline in the next five years. According to experts, its reason was the deficiency in the aid by America due to the war of 1965 between Pakistan and India.[6] On the other hand, a shortage in raw material was experienced by the calamity of draught in next two years. Industrial progress was also marred by the unavailability of imported raw material after the war of 1965. [7]Political instability, shortage of raw material and the disputes between the industrialists and workers resulted in the fall of the rate of industrial growth from 7.8 to 7.4 percent in FY 1969.[8] In this period, average annual growth rate of manufacturing remained 9.9 percent.[9]

President Zia ul Haq valued privatization and initiated the policy of denationalization to lessen the burden on governmental sector. According to Ahmed & Amjad (1986), the purpose of the industrial policy of that era was to denationalize the projects of public sectors to safeguard the rights of investors, to draw the line of distinction between private and governmental sector, to provide the investors with financial and other incentives and to pull down the economic pressure to minimum.[10]

In September 1977, agriculture related industries, such as thread making and rice abruption, which were a victim of red tape and bankruptcy, were privatized. A few small scale engineering units and a few projects of Punjab Industrial Development Board were also privatized. In December 1977, the government devised the formula that only those industries were to be placed in the public sector which are basic, in which the private sector show no interest or whose nationalization is in the national interest.[11] As a result of this formula, private investors could invest in heavy and basic chemical and cement industries. Private investments were made in small and medium industries.

In eighties, investors had less interest for private investments and had a deep interest in investing in property and land. According to Noman (1988), its main reason was the fear of investors that government might take the control of industries. The banks of the country remained under the government and private investors disliked this vast control over finance and management. Industrialists complained that as a result of this vast control the performance suffered a setback and corruption sped up.[12] According to Ahmad & Amjad (1986), the basic reasons of the low investment in private sector were the extraordinary expectations of investors, high rate of markup and taxes, low profit, disputes between the worker and the industrialists, limited facilities of gas, water, electricity and transportation and the demand of employers and investors for furthers incentives. Nonetheless, the enhancement in investment in private sector which was caused by the denationalized policy, fiscal and monetary incentives cannot be denied.[13] In his period, the average annual growth rate of the manufacturing remained 8.2 percent.[14]

President Pervez Musharraf encouraged the Foreign Direct Investment policy. FDI policy not only promoted investment environment but also boosted the opportunities of employment and production. To attract foreign private investment, a number of incentives were given. They included the issuance of a negative list of industrial activities for private investment, removing of restrictions on maximum holding of equity by foreigners, cancellation of the permission of State Bank for remittances of dividends and disinvestment proceeds, removal of restrictions on the raising of advance from the domestic market, permitting of foreign firms to raise equity capital from the domestic market on a reportable basis, permitting of investment in the stock exchange, removal of restrictions on royalties and technical fees and provision of guarantees to foreign investors relating to remittances of profit, capital, and appreciation of capital investment.[15] FDI was increased due to privatization policy and virtuous opportunity of investment in international market. The share of UAE in total FDI, which averaged around 3.9 percent during FY1990 to FY2002, has increased to more than 20 percent during FY2003 to FY2008. During FY2008, however, USA was a large source of FDI for Pakistan.[16]

In Pakistan, the mostly FDI was made in the sectors of natural gas and production. But, from FY 2003 to FY 2008 an increase in the FDI was also noticed in the sectors of finance and communication.[17] Nevertheless, lesser direct foreign investment was made in the field of manufacturing for there was a possibility of an increase in the capability of production. Although fiscal policies were in favor of investors but the condition of law and order was worse and it affected FDI. Foreign investors showed lesser interest in financing. Law and order situation also affected domestic industry.

In the era of President Pervez Musharraf, privatization was an essential industrial policy. Under the obligation of receiving debt from World Bank, one was the privatization policy which proved a setback for the economy of Pakistan. In 2000, the Government privatized many of the important units like: Banks, Transaction of Capital Market, Energy, Telecom, Automobiles, Cement,

Chemical, Fertilizers, Engineering, Ghee Mills, Plants of Rice and Bread, Textile, Newspapers and the units of Tourism.

Following steps were important for the improvement of industrial department.

- Setting up of a policy for industry by studying the causes of their decline was essential that the whole nation may earn favors by the profit of these units.
- The industry should have been given advance by Islamic mode of financing. Islam detests interest. According to Hadiths Nabvi (SAWW):Muhammad SAWW cursed the one who eats the earning of interest, who feeds with the earning of interest, who documents such proceedings and the one who acts as a witness on it. They are equally involved in this business.[18] According to him (SAW) the least sin of interest is incest.[19]
- The country met a loss by Privatization policy. On one hand, foreign investors purchased the shares and direct foreign investment was witnessed in this sector and on the other hand, the money earned through privatization became the morsel of corruption. Holy Quran forbids dishonesty.

يَا أَيُّهَا الَّذِينَ آمَنُواْ لاَ تَخُونُواْ اللّهَ وَالرَّسُولَ وَتَخُونُواْ أَمَانَاتِكُمْ وَأَنتُمْ تَعْلَمُونَ [20]

O Believers! Don't be dishonest in the rights of Allah and Prophet SAW and don't be dishonest in your keepsake and you know it.

According to Hadees Nabvi (SAW), the one who commits corruption in the property of his societies Allah will ban Heavens on him.[21] Because of corruption, the money earned through privatization could neither release the pressure of debt nor could control poverty. At present, 58.7 percent of the population is below the line of poverty.[22] The government should have spent this money on the welfare of masses.

- It would have been better if the causes of decline of privatized units were studied, the corruption be uprooted and the policies for their promotion were setup, rather than privatizing them.
- For the prosperity of manufacturing sector, in production, there was a dire need to invite foreign direct investment. It was in the government of President Pervez Musharraf, but most of this investment was made in telecommunications and finance. The investment in production sector was meager though it was most required.

**2. Policy for Agricultural Development:**

Agricultural sector has much importance for the economy of Pakistan. In sixties, steps for agricultural development were taken. President Ayub Khan introduced Green Revolution innovative inputs such as highly yield seeds, fertilizers and insecticides, taking on of new techniques of breeding were some of the features of this revolution. Annual average agricultural growth rate remained 5.1 percent.[23] Owing to this policy, there was an increase in the

production of rice, wheat, cotton and sugarcane. In FY 1965, the production of wheat was 4.5 million tons.[24] According to the western economists, in Western Pakistan, by the use of high by yield seeds and other latest inputs, the production of wheat and rice increased fifty percent.[25] In the same period, Pakistan exported 75-80 percent of the world's jute. Five million people were connected with it and fifty thousand people were employed.[26]

President Zia Ul Haq took steps like the cancellation of the reforms of 1972. Though agricultural sector holds considerable importance for the economy of Pakistan but it was less facilitated than industry. According to Hussain (1999), the agriculture sector is like backbone for the economy of Pakistan. Its growth-rate remained at the average of 4 percent. Because of this prejudice, agricultural development suffered a lot. Agriculture sector suffered the indirect taxes, especially export taxes on agricultural products. This sector could make progress if it were facilitated like industry.[27]

In the era of President Pervez Musharraf, steps were taken for agricultural development. The provision of fertilizers, highly yield seeds, insecticides, tractors, tube wells and agricultural advance were made easy. White Revolution was initiated and the industry of milk thrived. Milk industry was provided with advance facilities. Milk products like yogurt, butter, cheese, milk-packs and dry-milk was not only made sufficient for the domestic needs but these were also exported. In FY 2006, the growth rate was 15.8 percent which fell in next two years.[28]This fall was caused by the short fall in the growth rate of fodder, the less nutritional value of fodder and the negative effects of bird-flu in the latter half of 2008.

For agricultural growth, following steps should have been taken:

- Setting up of agricultural sector on advanced techniques and to give variety to crops.
- Setting up of new agricultural input factories and to improve the production of running factories to provide the farmers with cheap fertilizers, insecticides and highly yield seeds, instead of import costly input.
- Setting up of new dams to meet the shortage of water. The controlling of water-logging, the use of technology for leveling the ground, the solving of the problem of shortage of electricity to run the tube wells in villages. Following up the example of our neighbor, India, which constructed a lot many small and large dams.
- The provision of interest free credits as was done in the era of President Zia ul Haq to small farmers to make them share the production with those who may take loan on interest. It is because the blessings of Allah cannot be called if the practices are contradict the teachings of Islam.

### 3. Import and Export Policy:

Any country cannot make progress without foreign exchange which may be earned by high exports. The government of President Ayub Khan developed the trade policy, with the growth in the export of agricultural products, to enhance the import of required raw material and machinery. For easy availability

of products in the domestic market, the speeding up of import of raw material and other necessities for other industries under free trade, enhancement of management, winding-up of unnecessary control for free and economical imports and the speeding up of alternate products to lessen the burden of internal debt were the significant objectives of trade policy.[29] Export Bonus Scheme, which was introduced in January 1959 was to provide incentives for exporters of manufactured products that was financed from the surplus profits which could be made on imports due to the overvaluation of exchange rate. Bonus Voucher Scheme was initiative which was combined with the overvalued exchange rate, enabled domestic industrialists to earn profits on exports with no enhancement of economy. In 1960s, a significant import liberalization policy was also under taken, free list of imported Items, automatic renewal of import license for industrial raw material and consumer goods.[30]

The government of President Zia ul Haq initiated a series of step to liberalize the trade regime particularly imports, by reducing the number of banned goods and lifting other restrictions. Most non-tariff barriers, which had been imposed after the oil shock and foreign exchange stringency in the 1970s, were also removed.[31] Government gave various incentives for growth of exports such as in FY1979 interest rate on bank advance for fixed investment in agricultural and industry was reduced from 12.5 percent to 11 percent. Under Export Finance the concessional rate of interest had been reduced from 6 percent to 3 percent.[32] Commercial banks provided export finance to exporters at the pre-shipment as well as the post-shipment stage at concessionary rate of interest at 2 percent for engineering and 3 percent for other products.[33]

In President Pervaiz Musharraf's period, the reduction of tariff was the significant aspect of trade policy. Maximum tariff was brought down to 25 percent in FY2003 from 92 percent a decade ago. The number of tariff slabs was reduced from 13 to 4, minimizing the use of excise duties in tariff, promulgation of anti-dumping law consistent with WTO, Import liberalization measures adopted for agricultural and petroleum products, restrictions on agricultural exports were removed on custom duty and a number of smuggling prone items.[34]

In three military regimes, balance of Import and export remained in deficit. To fill up the gap of import and export, government depends on external interest-based debt which increased the external debt and liabilities. For balance of import and export, following steps should have been taken:

- To increase the export, Pakistan should have made exports more flexible.
- Import of luxury items should have been reduced.
- Import of raw material available in country should have been banned.
- Pakistan should have developed agro- based industry.
- Reduction and exemption in export duties should have been given.
- Export oriented industries should have been exempted from sales and excise duty.
- Idle capacity of industry should have been fully utilized.

- Export of manufactured products should have been encouraged, particularly in engineering and textile.
- Pakistan should not have limited its export for a few countries rather it should have enhanced production and exploration of new market for export.

Pakistan should have encouraged Foreign Direct Investment in production sector.

**4. Taxation Policy:**

Pakistan's tax structure had a narrow and distorted base before nineties. The four main taxes in Pakistan have tariffs, sales tax, excise duty and income tax. Tariff was the major source of revenue up to 1980s. [35]In order to establish a free economy system, tariff was decreased, which changes the taxation structure in developing countries such as Pakistan. For instance, in nineties, the decrease in tariff was compensated with an increase in general sales tax and direct tax. President Pervez Musharraf acquired many reforms in Tax system. He introduced policy reforms which included the universalization of laws, introduction of universal self-assessment, elimination of exemptions, reducing dependence on withholding tax, and an effective dispute resolution mechanism. To achieve the positive result of policy reforms, he also took administrative and organizing reforms. The main tenacity of these reforms is to have a fully integrated tax management system.[36] Due to these reforms, Pakistan's tax revenue to GDP ratio increased. Custom duty of the total indirect taxes accounted for 54.9 percent in FY 1991 and 60.9 percent in FY 2008. Decrease in the revenue due to custom duties has been adjusted by increase in GST and direct taxes. Sales tax, of the total indirect taxes, accounted for 17.6 percent in FY 1991 and 60.9 percent in FY 2008. Direct taxes, of the total taxes, accounted for 18 percent in FY 1991 and 38.5 percent. Tax revenues of FBR increased and it was estimated to be Rs.1025 billion in FY 2008.[37] This collection was more than previous fiscal years' tax revenue.

Donors like IMF & World Bank have one debt condition to increase GTS, which is increasing the economic problems of common people and discrimination of wealth. Growth of GST has a conflict with the teachings of Islam. In Islamic teachings, it is important to collect the tax from rich class and to distribute it among the poor. It is command of Allah Almighty:

وَفِي أَمْوَالِهِمْ حَقٌّ لِّلسَّائِلِ وَالْمَحْرُومِ[38]

> And in their wealth, there was a share for the beggars and the deprived ones.

It is mentioned in Hadiths Nabvi (SAW):

انّ الله افترض عليهم صدقة فى اموالهم تؤخذ من اغنيائهم

و تردّ على فقرائهم[39]

> Allah Almighty has made zakat an obligation for their income. It (Zakat) is to be taken from the wealthy among them and given to the poor.

The Holy Prophet (SAW) and the four righteous caliphs after him managed the institution of Zakat and collected and distributed 'Sadaqat' throughout their caliphate. During the era of Holy Prophet (SAWW) and four caliphs, tax was a compulsory obligation. However, justice and moderation was the foremost imperative. Holy Prophet (SAWW) said about usher that it is obligatory to give away one-tenth of the farm produce if the land is naturally irrigated by spring, rain or river water and one-half of one tenth if it is irrigated by drawing out water from well.[40] According to the principle of facilitation, Holy Prophet (SAW) forbade Hazrat Mauz Bin Jabal from taking superior goods.[41] Jazzya was also based on justice. In the era of Hazrat Abu Baker (RA) and Hazrat Umar (RA), poor and paralyzed were not only exempted from jazzya but their social needs were a responsibility of state. Hazrat Umar (RA) passed by a poor who was begging to pay jazzya, he (RA) issued the allowance for him due to his poverty. [42]

In Pakistan, the mode of tax collection has always been contrary to the system introduced by Holy Prophet (SAW) and the four righteous caliphs. The investors and industrialists of Pakistan took advance from the banks and got themselves exempted, got tax rebates and despite all this, got themselves exempted from taxes on the bases of relations or unfair means while the poor and middle class paid direct and indirect taxes. Thus, the poor were made poorer.

For the economic development of Pakistan, following steps should have been taken for the improvement of tax system:

- An improvement was possible by increasing the number of tax payers, cancelling the unnecessary facilitates and pressure of taxes on the poor.
- Moderation was necessary in the implication of taxes and taxes should have been implicated according to the income of agricultural and industrial people.
- Strict actions should have been taken against the people who evade taxes or involved in corruption.
- Taking the corrupt assets into the control of government and black money should have been consumed for the assistance of deprived ones.
- Zakat from the Muslims and Jazea from non-Muslims would have been collected.

## 5. External Debt & Liabilities:

In the sixties, policy of external aid and debt had been premeditated for the economic development of Pakistan. America wants to implement Capitalistic system in Pakistan. To achieve this aim, America takes on the policy of issuing loan and aid to Pakistan. Pakistan also received aid and grant from IMF and World Bank. The major part of aid and loan had been utilized for the industrial and agricultural development, construction of dams, railways and roads. In second five year plan of 1960-65, Pakistan received $573million grant and

$417million debt, total external grant and debt was $990 million while in the third five year plan 1965-70, Pakistan received $345million grant and $2,023 million debt and total external grant and debt was $2,368 million.[43] After the war of 1965, America, IMF and World Bank delivered less aid and debt which affected the development. Debt and aid not only stimulated American policy but also increased the burden of debt as in FY 1961 foreign debt services were $17.157 million while in FY 1969, it was $154.[44]

In the eighties, America also increased aid and debt for particular benefits. In 1979 the geo-political landscape changed altogether and brought a few dramatic changes in US foreign aid policies. Islamic revolution of Iran in 1979 deprived America of one of its trusted allies: the pro-American Shah of Iran. The change of leadership in Iran and the Soviet invasion of Afghanistan later the same year affected the strategic significance of Pakistan overnight. Under these circumstances US needed Pakistan's support to stop the Soviet forces within Afghanistan. So, Pakistan was viewed as a front line state ally against communism. Burki (1986) describes that the Pakistan became third largest recipient of American aid after Egypt and Israel.[45] In FY1976, Pakistan had external debt of Rs.5755 million which was 42.7 percent of GNP. At the end of President Zia ul Haq's Government, in FY1988, Pakistan had a debt of $12913million, which was 32.5 percent of GNP. [46]

After 9/11, Pakistan became the biggest beneficiary of US economic aid in the South Asian Region. United States removed all the sanctions that Pakistan had been under. These sanctions were withdrawn in Oct-Nov 2001, making it possible for Pakistan to receive US economic and technical assistance. Pakistan's external debt showed some sign of improvement. This debt reduction had been backed by debt management policies, Debt Limitation Act, foreign aid and increase in remittances. Despite this improved situation, Pakistan had not been able to reduce the external debt burden in absolute terms. All the donor agencies rescheduled debt, not wrote off. They extended the repayment period. Moreover, the ongoing economic growth was based on consumption rather than the fundamental economic principles of growth. The economy of Pakistan is highly dependent on external assistance. Therefore, it would be much difficult in the future to repay the debt servicing. In FY2000, the external debt of Pakistan had been 50.5 million rupees which was 48.4 percent of GDP.[47] In FY2008, outstanding external debt and liabilities had been $46.3million, recording increase of US$5.8million, over end of June 2007 with 5.9 percent growth during FY2008.[48] The decision of Pakistani government to fight the so called war on terror with America was only to get the financial and political support of America and was clearly against the teachings of Islam. Allah Almighty says:

إِنَّ الَّذِينَ كَفَرُواْ يُنفِقُونَ أَمْوَالَهُمْ لِيَصُدُّواْ عَن سَبِيلِ اللّهِ فَسَيُنفِقُونَهَا ثُمَّ تَكُونُ
عَلَيْهِمْ حَسْرَةً ثُمَّ يُغْلَبُونَ وَالَّذِينَ كَفَرُواْ إِلَى جَهَنَّمَ يُحْشَرُونَ. لِيَمِيزَ اللّهُ الْخَبِيثَ

مِنَ الطَّيِّبِ وَيَجْعَلَ الْخَبِيثَ بَعْضَهُ عَلَى بَعْضٍ فَيَرْكُمَهُ جَمِيعاً فَيَجْعَلَهُ فِي جَهَنَّمَ
أُوْلَئِكَ هُمُ الْخَاسِرُونَ[49]

> Certainly, the infidels spend their wealth to avoid the path of Allah, they will spend it now and then again they will regret on it, and then will be overpowered. The infidels shall be gathered towards hell. In order that Allah may separate the impure from the pure, and putting the impure one upon the other, all piling them together cast them into the hell it is they who are the losers.

US government offered conditional assistance to Pakistan and it is a fact that when aid is conditional, it results in distortion of the priorities of government and its performance about projects. Moreover, this type of aid increased dependency of Pakistan and the acceptance of dictations from donors.

Following steps should have been taken to get rid from external debt:

- After the implication of foreign restrictions, Pakistan had a golden opportunity to depend on its own resources. General Hamid Gul suggested it a lot many times that if economical restrictions are being put on Pakistan then Pakistan may refuse the payment of installments with interest. This way Pakistan not only could get rid of the interest based external debt but also it could make efforts for its independence and could make solid policies to make progress, depending on its own resources. Alack, President Pervez Musharraf took part in the so called war against terrorism, grabbed external debt and aid and put the future of Pakistan on mortgage. About the loss of sovereignty of Pakistan Shaid-ur-Rehman (2006) states that Pakistan put its salvation on stake when it got external debt.[50]
- To make Pakistan free from external debt it was mandatory that the deposits of Pakistanis from Swiss banks be brought to country and utilized for the people: its rightful masters.

## 6. Social Welfare :

The basic responsibility of government is to provide people with the basic necessities of life. But, in three military rules, in budget government paid less attention to social security and gave priority to defense.

Three military governments designed policies to increase literacy rate because the positive outcome of education includes reduction in poverty and inequality, improvement in health status and good governance in implementation of socio-economic policies. These governments also increased number of institutes. This is given in the following table 1.

**Table 1. Development of Educational Institutions by Kind & Level**

| Years | (1959-69) | (1977-88) | (1999-2008) |
|---|---|---|---|
| Primary School | 20,969 | 5200 | 4,700 |
| Middle School | 13,16 | 1900 | 22,400 |
| High School | 841 | 2300 | 11,400 |
| Secondary Vocational Institutions | 80 | 338 | 2,513 |
| Arts & Science Colleges | 144 | 118 | 1,991 |
| Professional Colleges | 18 | 14 | 846 |
| Universities | 3(a) | 7(b) | 70(c) |

(Source: Pakistan Economic Survey, various issues)

Out of three military eras, the number of educational institutes was increased in president Musharraf's period due to aid & debt and its utilization in education sector.

Health facilities were also increased. Its development is given in Table 2.

**Table 2. Development in Health Facility**

| Years | (1959-69) | (1978-88) | (1978-88) |
|---|---|---|---|
| Hospitals | 68 | 174 | 69 |
| Dispensaries | 691 | 410 | 211 |
| BHU Sub Health Centers | - | 2900 | 125 |
| Rural Health Centers | - | 250 | 31 |
| Maternity & Child Health Centers | 319 | 217 | 53 |
| Total Beds | 5960 | 22002 | 10,863 |
| Population Per Bed | 71 | -211 | 127 |
| Registered Doctors | 7043 | 34821 | 45,831 |
| Population Per Doctors | -2960 | -7130 | -303 |
| Registered Dentists | - | 991 | 5,155 |
| Population Per Dentists | - | -40,116 | -16,597 |
| Registered Nurses | 2398 | 10,123 | 29,408 |
| Resisted Mid Wives | - | 97,80 | 31,33 |
| Resisted Lady Health Visitors | 890(a) | 2356 | 4,703(b) |

(Source: Pakistan Economic Survey, various issues)

Progress in increasing access of the population to basic health services was very slow. The number of doctors, dentists and beds remained less.

To afford basic necessities of life for masses is primary obligation of government in Islamic teachings. A ruler is answerable for his duties. It is mentioned in Hadiths Nabvi (SAWW):

انّ احبّ النّاس الی اللہ یوم القیامۃ وادناھم منه مجلسا، امام عادل ،و ابغض النّاس الی اللہ، وابعدھم منه مجلسًا امام جائر-[51]

On Doom's Day, a just ruler would be most dear and near to Allah Almighty and most hated and farthest from Him would be a cruel ruler.

It is the duty of a ruler to treat his people kindly, make struggle for the betterment of his people and not to exploit them. Hazrat Muhammad (SAWW) said:

اللھم من ولی من امر متی شیئًا فشقّ علیھم، فا شقق علیه و من ولی من امرامتی شیئًا فرفق بھم، فارفق به-[52]

O Allah, among my people the person who is made guardian and who treats the people inhospitably you treat him harshly and the person who is made guardian on my people and he treats them courteously you treat with him courteously.

Hazrat Usman (RA) sent first instructions to rulers that were based on welfare of masses as he designated:

فان اللہ امرالا ئمة ان یکونوا ر عاۃ، و لم یتقدّم الیھم ان یکونوا جباۃ؛ وانّ صدر ھذہ الامة خلقوا رعاۃ، لم یخلقوا جباۃ، و لیو شکن وائمتکم ان یصیروا جباۃ ولا یکونوا رعاۃ؛ فاذا عادوا کذلک انقطع الحیاء والامانة والوفاء- الا و انّ ا عدل السّیرۃ ان تنظروا فی امور المسلمین فیما علیھم فتعطوھم ما لھم، و تاخذوھم بما علیھم، ثم تثنوا بالذمّة، فتعطوھم الذیلھم،و تاخذوھم بالذی علیھم-[53]

(Allah Almighty has ordered the rulers to become the guardians of the people and not only the receiver of taxes. The rulers of this Ummah are created as the guardians of people and they are not made to receive the tax only. And it is near that your rulers would become the receiver of taxes rather than being your guardian. And those who would continue doing so would be made deprived of modesty, honesty and the passion of fidelity. Be known that the best way is that you take care of the rights and duties of Muslims, you pay them their financial rights and take from them the dues then you may have your own dealings with your enemies; you fulfill their treaties.)

Patronizing is an important purpose of financial policy for the welfare of humanity lies in it. To facilitate the public was one of the basic purposes of the Righteous Caliphs. It was the result of the good policies of Hazrat Umar Bin Abdul Aziz that in his reign the people who had to pay zakat were to be found but the people who could take zakat were not to be found.

For the welfare of people following steps should have been taken:

- In military regime, government should have set up policies and taken practical steps for increasing literacy rate, equip literate people with technical and science education and also employ them. If military government had taken practical step for educating and employing masses, Pakistan should not have been facing 6.6 percent unemployment rate.[54]
- Military governments increased the health facilities but they were not sufficient for the population. In health sector, governments focused on family planning, for according to economists the basic reason of Pakistan's poverty was rising population. Government should have facilitated people rather than control the rate of population. According to Islamic teachings, Allah Almighty provides for sustenance. It is mentioned in Hadith Nabvi (SAWW), when, in mother's womb, a baby becomes four months old, Allah Almighty orders the angel to write five things:

ورزقه و اجله وعمله و شقيّ او سعيد[55]

His sustenance, his age, his actions, his bad luck and his good luck

**Conclusion:**

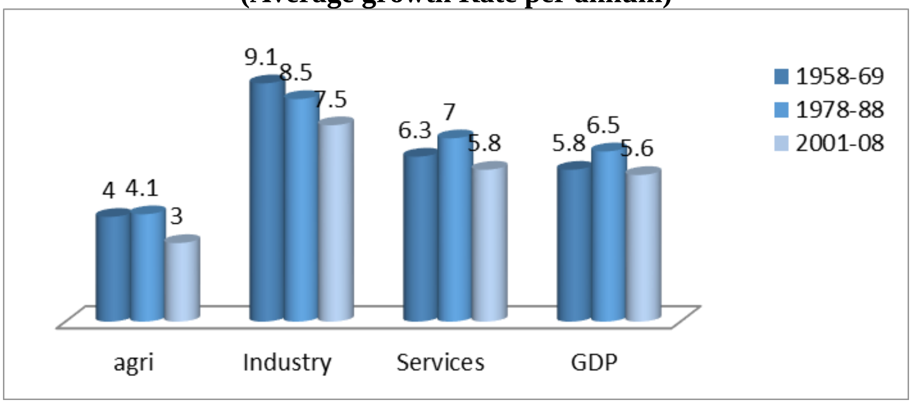
Military governments formed policies for the economic development of Pakistan. Their important sectors' policies and growth rate are given in Table 3 and Figure 1:

**Table 3. Military Governments' Important Sectors Policies**

| 1958-69 | 1977-88 | 1999-2008 |
|---|---|---|
| Functional Inequality | Denationalization | Privatization Policy |
| Boost of Private sector | Boost of Private sector | Boost of Private sector |
| | | Foreign Direct Investment |
| Green Revolution | Cancellation of Agricultural Reforms (1970s) | White Revolution |
| Import Liberalization | Trade Liberalization | Trade Liberalization |
| Bonus Voucher Scheme | Reduction in Trade Barriers | Reduction in Trade Barriers |
| Exports Promotion Policy | Exports Promotion Policy | Exports Promotion Policy |

| | | |
|---|---|---|
| Tariffs, Sales Taxes, Excise duties & Income Taxes | Tariffs, Sales Taxes, Excise duties and Income Taxes | Reduction in Tariff Duty and increase in GST & Direct Tax |
| Assigned less Resources to Social Safety | Assigned less Resources to Social Safety | Assigned less Resources to Social Safety |

**Fig: 1. Indicator of Economic Development during Military Regime (Average growth Rate per annum)**




(Source: Pakistan Economic survey, various issues)

Out of three military governments, during President Zia's regime, agricultural development was better because the weather was good, and there were no pests. Some serious attention to input prices and input availability created favorable conditions for farmers. Industrial sector boomed during President Ayub Khan's period due to tax holiday, tax rebate, raw material's availability, imported machinery and facility of advance. Service sector also showed signs of improvement in President Zia ul Haq's period.

Three military governments got a chance to rule for a long period of time but in these periods foreign nations used Pakistan as a tool for some special purposes and it badly affected the economic progress of the country. Due to the western allied policies, the salvation of Pakistan is at stake and the situation of law and order in Pakistan has become worse. As a result, the economic growth could not be attained. Pakistan needs solid policies and practical steps for its restoration.

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